

Message Text

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ACTION IO-11

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TO SECSTATE WASHDC 4589

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E.O. 11652: N/A

TAGS: OTRA, WTO, SP

SUBJECT: WTO: COUNCIL MEETING

REF: STATE 29833

1. WTO COUNCIL MEETING NOW SCHEDULED TO BE HELD IN ACAPULCO, MEXICO APRIL 26-30. NO AGENDA YET PREPARED AND DOCUMENTATION IS STILL IN EARLIEST STAGES OF PREPARATION. FINAL AGREEMENT WITH MEXICAN HOSTS FOR MEETING DATES ONLY ARRIVED AT FEBRUARY 10, BUT WITH THIS NOW SET SECRETARY GENERAL LONATI COMMITTED HIMSELF TO CIRCULATE INVITATIONS AND PROVISIONAL AGENDA TO COUNCIL MEMBERS BY END OF FEBRUARY AND PROMISED TO CIRCULATE DOCUMENTATION BY OR AROUND MARCH 20 (MONTH BEFORE OPENING OF MEETING).

2. HARASSED BY MULTIPLE PROBLEMS OF RELOCATING HEADQUARTERS, TRANSFERRING AND RECRUITING STAFF, AND FORMALIZING HOSTSHIP ARRANGEMENTS WITH SPANISH AUTHORITIES LONATI CONCEDED THAT HE HAD LET PREPARATIONS FOR COUNCIL MEETING SLIDE. DIFFICULTIES HE ENCOUNTERED IN SETTING FIRM DATES WITH MEXICAN AUTHORITIES EVIDENTLY WAS FURTHER DETERRENT. HE PERMITTED US TO EXAMINE CATCHALL LIST PREPARED BY SECRETARIAT OF QUESTIONS WHICH MIGHT BE SUBMITTED TO COUNCIL (TEXT FOLLOWS BY AIRPOUCH). LIST CONSISTS OF FOLLOWING (WITH CROSS REFERENCES TO ASSEMBLY RESOLUTIONS, WHICH HAVE BEEN SENT DEPARTMENT BY WTO):

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(A) FUNCTIONS OF COUNCIL (SEE STATUTES ARTICLE 19: (I) OPTIONS

FOR 1978-79 BUDGET; (II) ESTABLISHMENT OF SUBSIDIARY BODIES (SEE FINANCIAL REGULATIONS ARTICLE 8); (III) DATES FOR THIRD SESSION OF COUNCIL; (IV) MINUTES OF FIRST SESSION (TEXT BEING AIRPOUCHED); (V) ADOPTION OF COUNCIL RULES OF PROCEDURE.

(B) IMPLEMENTATION OF ASSEMBLY DECISIONS AND RECOMMENDATIONS:

(I) REPORT ON CONSTITUTION OF REGIONAL COMMISSIONS (RES 1); (II) REPORT ON IUOTO WORK PROGRAM (RES 5; (III) REPORT ON CIEST (TRAINING FACILITY IN ITALY OPERATED JOINTLY BY IUOTO, ILD AND ITALIAN AUTHORITIES) (RES 6); (IV) REPORT ON NEGOTIATIONS WITH UN AND UNDP (RES 7; (V) EXAMINATION OF ASSEMBLY RULES (RES 9); (VI) PARTICIPATION IN COUNCIL MEETINGS OF ASSEMBLY PRESIDENT AND VICE PRESIDENTS, AND PRESIDENTS OF REGIONAL COMMISSIONS; (VII) REPORT ON INSTALLATION OF HEADQUARTERS IN SPAIN; (VIII) REQUEST BY CERTAIN (MINI) STATES TO HAVE CONTRIBUTIONS DECREASED (SAN MARINO, HOLY SEE, CYPRUS); (IX) ANALYSIS OF COSTS OF PROVIDING SERVICES TO AFFILIATE MEMBERS; (X) SELECTION OF EGYPTIAN AND NETHERLANDS AUDITORS; (XI) READJUSTMENT OF PROGRAM BUDGET; (XII) ARREARS OF IUOTO ASSESSMENTS; (XIII) PERSONNEL QUESTIONS.

(C) EXECUTION OF COUNCIL DECISIONS: (I) COUNCIL RULES OF PROCEDURES.

(D) APPLICATION OF FINANCIAL RULES: (I) TRANSFER OF FUNDS BETWEEN YEARS (ARTICLE 5.3C); (II) TEMPORARY FINANCIAL RELIEF (ARTICLE 14C).

(E) APPLICATION OF STAFF REGULATIONS: (I) CONDITIONS OF EMPLOYMENT (ART 2B); (II) DECLARATION OF LOYALTY OF SECRETARY GENERAL (ART 6A); (III) CONSULTATION ON SELECTION OF DEPUTY SECRETARY GENERAL (ART 14B); (IV) MEASURES TAKEN REGARDING STAFF RETIREMENTS; (V) PERSONNEL INDEMNIFICATION (ART 46B).

(F) TRANSFER OF RIGHTS AND OBLIGATIONS OF IUOTO (STATUTES ARTICLE 44): (I) HEADQUARTERS AGREEMENTS FOR THE FOUR REGIONAL SECRETARIATS; (II) PACIFIC AND EAST ASIA REGIONAL SECRETARIAT; (III) ETHIOPIAN REQUEST TO BE FORGIVEN ITS 1974 AND 1975 IUOTO ASSESSMENTS; (IV) REPORT OF IUOTO AUDITORS (JAPAN AND YUGOSLAVIA) FOR 1975.

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(G) OTHER QUESTIONS: (I) PRIVILEGES AND IMMUNITIES IN MEMBER STATES (STATUTES ART 32; (II) SERVICES TO MEMBERSHIP APPLICANTS AFTER NOTIFICATION TO COUNCIL BUT BEFORE ASSEMBLY ACTION; (III) REPORT OF COMMITTEE OF AFFILIATE MEMBERS; (IV) VERIFICATION OF PARALLELISM BETWEEN FOUR OFFICIAL LANGUAGE TEXTS OF STATUTES; (V) PROPOSED AMENDMENT OF STAFF REGULATIONS; (VI) ADOPTION OF MINUTES OF FIRST COUNCIL SESSION; (VII) REPORT OF

SECRETARY GENERAL ON ACTIVITIES OF WTO; (VIII) TERMINATION
DATE FOR PERIOD EACH COUNCIL IS IN OFFICE (A LEGAL ARGUMENT
WHICH IS EXPECTED TO BE RESOLVED WITHIN SECRETARIAT).

3. AS CAN BE SEEN FOREGOING IS MORE A COMPENDIUM OF RELEVANT
POINTS THAN FIRST CUT AT AGENDA, BUT INCLUDES MOST BASIC
ITEMS (WITH REFERENCES TO ASSEMBLY RESOLUTIONS, STATUTES OR
RULES) WHICH MAY BE EXPECTED TO BE SET OUT ON AGENDA.

4. BESIDES ASSUMING USUAL HOSTSHIP RESPONSIBILITIES (AND
PROBABLY MORE) LONATI EVIDENTLY COLLABORATED WITH BELGIAN
REPRESENTATIVE (AND COUNCIL VICE PRESIDENT) TO PREVAIL UPON
MEXICO TO OFFER FREE AIR FARE FROM MADRID AND PARIS ON
AERO MEXICO FOR ONE REPRESENTATIVE FROM EACH COUNCIL MEMBER
STATE. ARRANGEMENT APPARENTLY DESIGNED TO AMELIORATE TRAVEL
FUNDING DIFFICULTY OF BELGIAN REPRESENTATIVE. WE MADE CLEAR
TO LONATI WE WERE NOT IN FAVOR OF SCHEME, WOULD POSSIBLY
WISH TO TAKE STEPS TO ASSURE IT IS NOT PRECEDENT SETTLING,
AND ANTICIPATED NEGATIVE REACTION FROM COUNCIL MEMBERS NOT
LIKELY TO BENEFIT FROM AERO MEXICO EUROPEAN SERVICE. LONATI
ACKNOWLEDGED POTENTIAL ISSUE BUT ARGUED IN USUAL WAY FOR
OTHERS TO SHOW FOREBEARANCE.

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5. LONATI FURTHER INFORMED US BELGIAN REPRESENTATIVE HAD
PREVAILED UPON TUNISIAN NATIONAL TOURISM OFFICE DIRECTOR
SADOK BOURAOU TO SERVE AS CHAIRMAN AT COUNCIL RATHER THAN
HIS SUBORDINATE, BEN MILED, WHO WAS TUNISIAN ELECTED TO

OFFICE AT FIRST COUNCIL MEETING IN MAY. LONATI REASONS THAT MEMBER STATE, NOT INDIVIDUAL REPRESENTATIVE, ELECTED AND MEMBER STATE FREE TO DECIDE BY WHOM IT WILL BE REPRESENTED IN OFFICE. THIS TOO MAY PROVIDE TO BE AT LEAST CORRIDOR ISSUE AT ACAPULCO.

6. FINALLY BELGIAN REPRESENTATIVE HAS STIRRED UP MOVEMENT TO URGE COUNCIL MEMBER STATES TO BE REPRESENTED BY SAME PERSONALITIES AT ACAPULCO AS AT MADRID TO COMPENSATE FOR INCOMPLETE RECORD OF HURRIED DECISIONS TAKEN IM MAY. HIS TRUE OBJECTIVE MAY BE ONCE AGAIN IN DOMESTIC DIFFICULTIES HE IS ENCOUNTERING TO ASSURE HIS OWN PARTICIPATION. AS LONATI APPEARS TO BE FOLLOWING UP ON THIS ONE, WE CAUTIONED HIM THAT THIS WAS AFTERALL PREROGATIVE OF EACH MEMBER STATE, AND MADE IT CLEAR TO HIM THAT US WOULD DECIDELY NOT WELCOME SUCH PROMPTING.

7. BELIEVE THESE MANEUVERINGS DESERVE ATTENTION AS INDICATIONS BELGIAN REPRESENTATIVE, ONE OF TWO COUNCIL VICE PRESIDENTS, MAY HAVE BROADER ROLE IN MIND FOR HIMSELF AT ACAPULCO MEETING. WE ARE CONCERNED BY EXTENT TO WHICH LONATI HAS GONE ALONG WITH THESE MANEUVERINGS, AND EXPRESSED THIS CONCERN TO LONATI.

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8. SERIOUS ISSUE FOR COUNCIL MAY BE APPLICATIONS BY SAN MARINO, HOLY SEE AND CYPRUS TO HAVE ASSESSMENTS REDUCED. ASSEMBLY ADOPTED RESOLUTION ENABLING COUNCIL TO CONSIDER REQUESTS (AFTER DEFEATING MOVE TO ESTABLISH "LOW PER CAPITA INCOME" RATHER THAN "SMALL POPULATION AS CRITERION FOR CONSIDERATION OF INDIVIDUAL HARSHOPS CASES.) SAN MARINO ENJOYED STRONG SUPPORT OF BELGIUM AND FRANCE AT ASSEMBLY ON THIS ISSUE. WHILE MINI STATES INCUR INADVERTENTLY UNDER LUSAKA FORMULA FINANCIAL BURDENS WHICH MAY SEEM DISPROPORTIONATE TO THEM, WE HAVE MADE IT CLEAR THAT PRESERVATION OF INTEGRITY OF LUSAKA HAS PRIORITY FOR US. NEW APPLICATION OF CYPRUS ILLUSTRATES TREND WE FEAR UNLESS ANY ADJUSTMENTS ARE MADE WITH GREATEST PRECISION AND DELICACY.

9. WHILE MEXICO IS HOST TO COUNCIL SESSION IT IS NOT MEMBER OF COUNCIL. HOWEVER, COUNCIL RULES OF PROCEDURE (RULE 8) PROVIDE FOR ESTABLISHMENT OF TWO COMMITTEES (FIRST ON PROGRAM AND COORDINATION AND SECOND ON BUDGET AND FINANCES) AND FURTHER PROVIDE THAT CHAIRMEN OF THESE TWO COMMITTEES MAY SIT AS EX-OFFICIO MEMBERS OF COUNCIL. LONATI IS QUIETLY LINING UP SUPPORT FOR ELECTION OF MEXICO TO ABOVE PROGRAM AND COORDINATION COMMITTEE. NO CANDIDATE YET ADVANCED FOR BUDGET AND FINANCES COMMITTEE. LONATI CONFIRMED OUR INTERPRETATION THAT ANY COUNCIL MEMBER MAY SERVE ON ONE OR BOTH OF THESE COMMITTEES (AS CAN ANY MEMBER OF WTO NOT A MEMBER OF ITS COUNCIL.) HE FORTHER AGREED IT WOULD BE DESIRABLE HENCEFORTH TO ORGANIZE COMMITTEES WHEN ASSEMBLIES

ARE IN SESSION, AND TO ANNOUNCE FOR THEM TO MEET AT SAME TIME
AND PLACE AS COUNCIL MEETINGS. THIS DETERS COMPLAINTS THAT
COUNCIL IS ORGANIZING OPEN ENDED COMMITTEES OUT OF SIGHT OF
MEMBERSHIP, WHILE PROVIDING IN FACT FOR LIKELIHOOD THAT
COUNCIL MEMBERS WILL PLAY PRINCIPAL ROLE AND EXTRA MEETINGS
CAN BE AVOIDED.
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